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COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Tenth session

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on Monday, 16 May 1994, at 3 p.m.

Chairperson: Mr. ALSTON

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The meeting was called to order at 3.15 p.m.

GENERAL DISCUSSION ON "THE ROLE OF SOCIAL SAFETY NETS AS A MEANS OF PROTECTING ECONOMIC, SOCIAL AND CULTURAL RIGHTS, WITH PARTICULAR REFERENCE TO SITUATIONS INVOLVING MAJOR STRUCTURAL ADJUSTMENT AND/OR TRANSITION TO A FREE MARKET ECONOMY" (agenda item 5) (continued) (E/C.12/1994/WP.6-8)

1. Mr. TAPLIN (International Monetary Fund), speaking on behalf of the Director of the Geneva Office of the International Monetary Fund (IMF), said that his remarks would focus on social safety nets as components of reforming country policy packages because, although the Fund wished to see the protection and realization of economic, social and cultural rights, such a goal was not explicitly built into its mandate. Specifically, the Fund's mandate was to promote international monetary cooperation and thereby to foster international trade, as fundamental factors contributing to high levels of employment and real income in all member countries.

2. When addressing the realization of economic, social and cultural rights in various human rights bodies, the Director of the Geneva Office of IMF had underscored that the international financial institutions shared the goals set out in the Covenant, although there might be differences of view on the obstacles to their realization and the means to overcome them. The Fund believed that economic, social and cultural rights could only be attained through high-quality growth. He meant by that growth that not only catered for basic human needs, but provided for the extra margin of prosperity that enabled human potential to be fulfilled. Such growth should be sustainable, with the flexibility to overcome external and internal shocks; it should provide the basis for continuous improvement in living standards for all; it should be dynamic, creating the conditions for future development; and it should be such as to shield the most vulnerable sectors of society from any adverse effects of growth.

3. Appropriate social policies were only one of the major components of successful growth strategies; social safety nets were a temporary mechanism to deal with the adverse impact of structural adjustment on the poor and vulnerable. They were not to be confused with more broadly based social welfare systems, such as national health plans and government sponsored retirement plans. Pointing out that the impact of reform policies might be more severe in one country than another, he said that the form of social protection must be tailored to the needs of the country concerned in conjunction with resource availability. If social protection programmes were under-funded, they would be more short-lived than was desired or would place additional inflationary pressures on the economy, which in turn would exacerbate the situation of the very groups that social safety nets were designed to protect. Thus, safety nets needed to be well designed, carefully targeted and sound.

4. Generally the Fund was not the lead agency in the design of such programmes; rather its first line role was to assess their sustainability. Broadly, social safety nets included measures to cushion the impact of price adjustments and to mitigate the impact of job losses. In some cases they could build on existing cultural and administrative structures, while in others they required new institutional mechanisms. In many societies, extended families and local communities had traditionally provided informal social insurance; thus in the Gambia, for example, the mosque collected a type of tithe called zakat to support the poor and needy. In other cases food and other essential items were subsidized by means of price controls. If

appropriately targeted, such subsidies could increase their benefit to the poor. Many countries in Latin America had social security arrangements that catered mainly to the needs of the formal sector, but they could be adapted to benefit others. The same was true of most countries in eastern Europe.

5. It had to be recognized, however, that the resistance of politically influential groups meant that targeting assistance to those most severely affected by economic reforms was not easy. Moreover, the administrative capacity and limited availability of data in many countries hampered attempts to quantify the effects of adjustment on the poor and reduced the scope of suitable safety net measures. Thus, the need to minimize public expenditure and concern for the poor could imply that the ideal food subsidy should be restricted or limited. Political expediency or administrative considerations might result, however, in a generalized and very expensive subsidy.

6. Summing up, he said that effective social safety nets were important in mobilizing broad political and social support for adjustment strategies. To be effective, they must be formulated within the overall resource constraint. Thus, they must be cost-effective and carefully targeted. They must be temporary, so as not to inhibit the reallocation of resources away from unproductive, unduly expensive activities to competitive activities. Lastly, they should not unduly tax existing administrative capacities. Thus they should be as simply structured as possible. Appropriately designed social safety nets were increasingly components of Fund-supported structural adjustment programmes, to alleviate the burden of such programmes on the poor and in recognition of the fact that broad political and social support was essential for the reform process to succeed. Only efficient reforms would yield sustained income, employment and welfare gains, providing the way out of poverty.

7. Turning to questions raised at the morning session that he felt equipped to answer, he said that structural adjustment was currently a popular term, but it lacked precision. It could best be defined as the effort to reform an economy by changing its institutional structures, correcting price distortions and increasing the efficiency of the financial system. Each country had to be taken on a case-by-case basis, however: there was no one set of policies appropriate to each country. Secondly, it had been asked whether structural adjustment programmes had been successful. There were different ways of measuring success. One point of reference was what the economy had been like before; the answer then turned on such issues as whether growth rates were up and inflation was down. The second point of reference was whether the programme had achieved what the authorities wanted and whether their goals had been realistic. The third point of reference lay somewhere between the first two: had it measured up to the achievements that could be realized in an ideal world? On the basis of the assessment that the Fund carried out every year, the evidence was that countries which embarked on ambitious structural adjustment programmes in a sustained manner and established credibility in their policy stances achieved better growth rates and inflation figures than

those which approached the matter in a more piecemeal way. He added that many successful countries had embarked on successful programmes without financial help from the IMF.

8. On the question of whether international financial institutions took the Covenant into account in their dealings with countries, he said that explicitly they did so hardly at all. Specific recognition of the Covenant was not built into the Fund's guidelines; he noted that the biggest contributor to its funds had not ratified the Covenant. In response to the remarks made by the representative of the United Nations Development Programme, however, he said that in practice the Fund had increased its sensitivity to social issues when dealing with States, encouraging them to pay greater attention to alleviating the impact of policy recommendations on the most vulnerable.

9. The CHAIRPERSON said that the problem in maintaining dialogue between the IMF and the various human rights bodies was that they spoke different languages. Until the financial institutions learnt to speak the language of human rights the two sides would not understand each other; both parties would come away from a discussion feeling that it had been unsatisfactory. In the Committee's view all States were bound to respect economic, social and cultural rights, whether or not they had ratified the Covenant. The IMF and the World Bank were under the impression that they had started to talk the language of human rights, but no real progress would be made unless they insisted on the responsibility of States to respect human rights and empower their people.

10. Mrs. AHODIKPE said that she had two questions. First, although the IMF and the World Bank were United Nations specialized agencies, their structural adjustment programmes often violated the standards laid down by the United Nations itself: most such programmes were inappropriate and inadequate. She wished to know what action the IMF was taking to remedy what was a contradictory situation. Secondly, she questioned whether the cost of such programmes was not too heavy in relation to the actual results achieved.

11. Mr. TEXIER said that his concern was how to establish whether claims that the vulnerable would be affected only in the short term, and that the long-term effects would be beneficial, were true. The main issue for him was who defined - and indeed what was - an appropriate macroeconomic policy. It was a large question, he knew; but in his view the human factor was of overriding importance. If a structural adjustment programme entailed privatizing part of the economy or of the social programme, or limiting social expenditure, and as a result left more people in poverty and gave fewer people access to health care and education, such a programme was a failure.

12. Mr. FRANÇAIS (United Nations Development Programme) said that UNDP considered structural adjustment policies to be a necessary step towards economic recovery, but it was still not clear whether such policies led to growth. Ends and means had perhaps been confused, growth, leading to development, being seen as the sole aim of economic policies. Development had to be measured not only in terms of per capita income but also in terms of realization of the rights to health care, education and so on enshrined in the human rights instruments.

13. Those rights or standards could be used as a measure of development and the work of the United Nations economic organizations could be restructured accordingly. Progress could then be measured on the basis of quantifiable and objective social indicators. A multi-disciplinary approach was needed in all bodies, and links should be established between the bodies dealing with economic issues and those dealing with human rights.

14. Mr. GRISSA considered that the representative of the IMF had not provided a clear description of the aims of structural adjustment programmes; in his own view, they were designed to halt the deterioration of a given economic situation.

15. An international monetary institution could not be expected to lend money to the poor who would not be able to return it. The Fund's resources were not unlimited. It was not the originator of the structural adjustment programmes adopted, for instance, by France and Germany.

16. Moreover, most structural adjustment policies in industrialized countries were adopted to subsidize consumption and loss-making enterprises. Some countries squandered their money, then accused the IMF of imposing structural adjustment policies on them. That was wrong, since the Fund had been created as a result of difficulties in realizing structural adjustment policies in the depression of the 1930s and the post-war period.

17. Mr. TAPLIN (International Monetary Fund) said that it was true that the IMF did not take a human rights approach to economic adjustment programmes, since its Articles of Agreement allowed it only to give economic and financial policy advice. With time the IMF might well need to become more aware of countries' obligations under various international conventions in trade, environmental matters and so on, but it was not clear how all such instruments could be explicitly taken into account when giving policy advice on how to balance a budget. The IMF would, however, never advise a country to ignore its obligations under any instrument.

18. If the international community decided that the IMF approach was inadequate it could change the Fund's mandate and inject non-economic matters into the Articles of Agreement. However, there seemed to be no desire to do so.

19. Replying to Mrs. Ahodipke's question as to whether the IMF was closing its eyes to violations of United Nations standards in countries where the Fund was giving policy advice, he said that that might indeed happen but was not of course built into the Fund's activities.

20. In reply to the question as to whether the cost of structural adjustment policies was too high, he said he was convinced that it was not, since the alternative would be worse. The Fund's task was not to promote growth but to halt deterioration.

21. Replying to Mr. Texier, he said that each country was able to make its views known within the Fund, but that the biggest stockholders had a greater role in the shaping of policies.

22. He could add little on the subject of structural adjustment except that it was based on a case-by-case approach to economic and financial matters, an effort being made to take into account environmental and social concerns and poverty. Evidence suggested that such policies did work in the long term.

23. He agreed that growth for growth's sake was not the aim: the Fund was interested in high-quality, sustainable, widely distributed growth which provided for opportunities for all sectors of society.

24. It was true that there was no obligation for countries to ask for the Fund's help. However, when a country's economic situation required change, the structural adjustment strategy and growth strategy were determined by the goals of the country concerned and resource availability. The Fund advised on an appropriate structural adjustment policy; its advice could be accepted or rejected by the country concerned, although rejection might well discourage other possible sources of funds. But if the authorities were not convinced of the cogency of the Fund's policy, it would not work for there would be no political will to implement it.

25. As to structural adjustment policies in the developed countries, the Fund had a policy dialogue with each of its member countries that covered the provision of advice on such policies, although it had been lending only to developing countries since 1978.

26. Ms. LEARY (International Labor Rights Education and Research Fund (ILRERF)) said that the very concept of social safety nets was potentially negative since it assumed that the poorest members of society would bear the brunt of the social costs involved in market-oriented policies. That was a significant shift away from the social welfare policies adopted in the post-war decades, and economic and social rights, including labour rights, now needed to be protected.

27. Fundamental labour rights were enshrined in many United Nations and ILO conventions. Human rights must take precedence over economic values, even in a period of economic difficulties.

28. There was a potential conflict between structural adjustment and labour rights. ILRERF had grave concerns about the pace and thrust of structural adjustment programmes and their impact on working people and labour rights, the most important of which was freedom of association and the right to bargain collectively. While recognizing that improving productivity and creating a thriving private sector were vital for economic development, ILRERF did not believe that the massive elimination of social security protection, strangling the exercise of labour rights and cutting labour standards, was the way to achieve that goal. Too often, however, those were the policy goals of structural adjustment programmes.

29. Taking away the right to strike from all public employees violated their rights under article 8 of the International Covenant on Economic, Social and Cultural Rights. Structural adjustment plans designating "strategic" or "national" sectors of private industry, and prohibiting strikes in those sectors, blatantly violated international labour rights norms. Laws that

created impossibly complicated procedures to be gone through before unions could be registered or workers engaged in .... a lawful strike violated the rights of association, organizing and bargaining.

30. Where workers had chosen trade union representation because it was their only way of counterbalancing the economic might of the employer, any law that subordinated collective bargaining to individual bargaining also violated their rights of association. Such, for instance, were structural adjustment plans that would prohibit company-based or industry-wide collective bargaining, instead forcing unions to negotiate only at the level of the single enterprise or workplace; or legislation mandating productivity incentives and performance-based pay, when such schemes were properly a subject for collective bargaining, not for government fiat. There was a tendency to make an absolute of some human rights, particularly economic and social rights. She believed that the basic labour right, freedom of association, was the one that must be emphasized.

31. There was no doubt that some labour laws should be amended in the name of structural adjustment and economic efficiency yet in many developing countries, trade unions commonly negotiated in-kind fringe benefits like supplemental health care, transportation and meal allowances and the like; and if, as many structural adjustment plans proposed, such benefits were "monetized" into their cash equivalent, workers then became even more vulnerable to currency devaluations, wage restricting policies and other assaults on their living standards. Furthermore, structural adjustment should not put unfair burdens of austerity, "flexibilization", privatization and other features on a country's working class under programmes designed solely to benefit entrepreneurs and investors.

32. Mr. SIGG (International Social Security (ISS)) observed that it was a basic principle that there was no peace without social justice and no social justice without social security. Under the effect of the structural adjustment policies imposed by the international financial institutions, the developing countries were having difficulty securing funding for social security programmes and expanding their coverage according to plan, most schemes now covering only 10 to 30 per cent of the population in the formal economy.

33. ISS was therefore focusing on three main issues: the implications of structural adjustment on social security; the limits of what social security programmes could do to eradicate poverty and how to accomplish more; and, generally, how to deal with the challenge of providing social protection in developing countries, which could not be met merely through economic betterment or through the application of models imported from the developed countries.

34. The idea of social safety nets - a long-standing social security concept dating from the Industrial Revolution - was a fine idea, intended to guarantee minimum subsistence and alleviate the misery of at least some of the poor. Yet, though still being provided as a matter of policy, social safety nets were no longer the primary means of guaranteeing the rights of the poorest. Experience had shown that safety nets must be used with caution, because, lacking political support or a built-in financial base, they were difficult to

fund, and had led to poverty traps, a certain stigmatizing of the poor, and the removal of any incentive for the poor to take responsibility, the end result being that their lot was not improved. Safety nets alone were insufficient to guarantee a basic standard of living. Moreover, they were an effective tool if they covered the fewest possible people and addressed very specific risks, but did not work as a form of universal protection against universal risks such as old age or health, especially in the developing countries where the situation was most critical.

35. Considering those elements which, as the representative of IMF had pointed out, were basic to all situations, certain priorities emerged. Current social welfare systems should be better funded and better managed and their administrative autonomy, lost as a result of structural adjustment, should be restored. It should be asked whether they served the country's economy or those whom they were intended to help. Moreover, the effects of distribution should not be minimized even where social welfare coverage was limited, as in societies built around the extended family. New means of social protection based on local conditions - such as loan funds, savings associations, programmes favouring the employment of women, revival of the traditional role of the extended family as a social support structure - must be found.

36. His organization was trying to establish a dialogue between social security administrators and the World Bank and other financial institutions, which had not only not considered the administrators as partners in a joint endeavour but had often hampered them in their work.

37. Ms. HAUSERMANN (Rights and Humanity) said that the discussion on social safety nets needed to be set not only in the context of structural adjustment policies and the consequences of economic transformation but also in the context of trade policies and the debt burden. Structural adjustment policies had a much more severe impact on social protection in Africa than in Latin America, perhaps because in the latter social welfare measures had been guaranteed by law; and the effects of the latest GATT agreement on African countries were also a matter of serious concern. The Committee would have an opportunity to make its voice heard regarding the agenda of the new World Trade Organization to be set up in June 1995, to ensure that the issue of social protection was dealt with in its full context.

38. Social safety nets in their current form had a role to play as emergency measures but were not the most effective way to protect economic, social and cultural rights and too much emphasis must not be put on them. To begin with, the term "social safety nets" was not clearly defined. In social security terms, as the previous speaker had indicated, it referred to a residual assistance given to those who failed to receive protection under other schemes. In the context of structural adjustment and of the economic transformations in eastern Europe, the term was used in a slightly broader manner; UNDP used it to include schemes for the unemployed, health-care schemes and the like; and other agencies used it in a much more restricted sense.

39. In order to understand the role of safety nets, the scope and nature of the right protected under article 9 of the Covenant had to be considered. The main issue was whether the fundamental right was limited to residual social assistance in times of dire need, or whether the literal interpretation of the article was the correct one - that there was a right to social security, including social insurance. Furthermore, if social insurance was a right, was it to be made dependent on contributions or any other qualifying factor? A "right" as opposed to an "entitlement" was usually not qualified. The Covenant spoke in terms of a right to social insurance, for instance, whereas the ILO Social Security (Minimum Standards) Convention (No. 102) spoke in the main about entitlements, subject to government option. The distinction needed clarification.

40. The previous speaker had dealt very well with the complex relation between universal benefits as against targeted benefits. Those who argued for universal benefits believed that they were the way to move from charity to rights, from legal provisions for the indigent to social cohesion and national solidarity. Unfortunately, that was the ideal, and in a world of limited resources, it was natural to focus on those in particular need. Yet while social safety nets did afford protection from immediate poverty, it would be a mistake to allow the urgency of pressing needs to distract from the wider policies required to protect social justice. Social safety nets could have some impact at the individual level, but they had very little effect on generalized poverty. The assumption behind the planning for the World Summit for Social Development was that the prerequisites for full enjoyment of the right to economic, social and cultural development were poverty alleviation, expansion of productive employment and social integration. There was increasing evidence - as in the latest UNDP report citing the experience of east Asian countries and India - that respect for human rights was a firm basis for economic growth, and indeed should be the starting point. The enjoyment of economic, social and cultural rights required not only the satisfaction of individual needs but the cultivation of self respect, personal autonomy and choice.

41. Her organization wished to make recommendations for further consideration by the Committee that highlighted the human rights aspects of the current debates on social protection. The international financial institutions must be held accountable for human rights issues. The Committee should join calls at the forthcoming World Summit for Social Development in favour of debt cancellation or reduction. It should urge the inclusion of labour and other economic, social and cultural rights on the agenda of the new World Trade Organization. Lastly, it should advocate that international assistance should be used more productively to help to reduce the administrative costs of social welfare programmes and that donors should take human rights into consideration in the planning and implementation of aid programmes.

42. Mr. TEITELBAUM (American Association of Jurists) observed that in addition to the structural problems attendant upon providing social security in low-income countries, there was the problem of the privatization of social security services, which the most needy could not afford. If, for instance, as advocated by the World Bank in its 1993 report, health services were privatized, that would put them beyond the reach of the poorest. Although social safety nets were conceived as a minimum protection for the most

vulnerable sectors, the public expenditure reductions mandated by IMF as part of a structural adjustment policy seriously limited their scope and effectiveness. The situation in Peru, where social expenditure had been cut by 40 per cent, was a case in point.

43. IMF policies, normally postulated as unavoidable, exercised a dictatorial authority over world economies and world finance that needed to be democratized. IMF policies were merely those that most pleased the large transnational corporations. They must be reviewed, and debts must be renegotiated. Their negative impact on the most vulnerable was not transitory but permanent. The situation of the poorest was deteriorating throughout the world and the numbers of the poor were rising everywhere. At the same time the income of the World Bank was growing at a dizzy rate, at the expense of the poor and the developing countries.

44. There were alternatives to structural adjustment policies. For instance, a group of experts involved in the preparatory work for the World Conference on Social Development had argued for an income redistribution policy, although that had been opposed by both IMF and the World Bank.

45. The Committee should make every effort to guard against falling into the trap of thinking that structural adjustment policies were inevitable and that the social costs inevitably had to be paid by the poorest elements of society. It should take care not to overlook the contradictions between the recommendations made by the IMF and a social protection policy able to cover the entire population for which it was intended. Lastly, it should ensure that social security nets provided that the obligations set out in the Covenant were met.

46. Further efforts were needed to ensure that social security nets did not lead to the sacrifice of entire generations of the poorest elements of the population. For example, women who worked a small plot of land to subsist, toiled for many hours and often needed the help of their children especially their girl children. Therefore, children were missing out on their education and whole generations were being deprived of the training needed to enable them to improve their living standards.

47. The so-called social security nets were simply a product of structural adjustment policies which violated economic, social and cultural rights and the provisions of many international instruments.

48. The IMF and the World Bank were specialized institutions of the United Nations system and were therefore under an obligation to respect international instruments. The International Court of Justice had ruled that the rights and duties of the United Nations and specialized agencies depended on what was expressly or implicitly set out in legal instruments.

49. Ms. SKOGLY (Food First Information and Action Network (FIAN) and Habitat International Coalition (HIC)), said that the organizations on whose behalf she was speaking were concerned with the way in which structural adjustment policies influenced the right to reach and maintain an adequate standard of living, including food and housing, as guaranteed under article 11 of the Covenant.

50. Primary responsibility for the respect, protection and fulfilment of economic, social and cultural rights lay with each Government that had ratified the Covenant. The Committee on Economic, Social and Cultural Rights had specified in its General Comment on article 2 of the Covenant that "available resources" included bilateral and multilateral financial assistance.

51. In addition to its obligations relating to persons within its own territory, every State party should respect the efforts made by other States parties to fulfil their treaty obligations and thereby assist those Governments in their tasks.

52. Intergovernmental organizations such as the World Bank and the IMF were duty-bound to observe the human rights standards as laid down by the United Nations and to assist governments in fulfilling their obligations to respect, protect and fulfil the human rights of their respective subjects.

53. Such obligations implied that structural adjustment programmes introduced by the international financial institutions should not induce States to violate or breach economic rights; should support State programmes designed to respect economic rights; and should assist the implementation of new measures aimed at the full realization of economic rights.

54. The FIAN and HIC were concerned about the compatibility of structural adjustment programmes with the human rights obligations entered into by the individual Governments under international law and with the question of whether the measures promoted by the international financial institutions were compatible with their own human rights obligations. Policies and programmes passing on social costs to vulnerable persons and groups, thereby depriving them of basic economic and social rights such as the right to decent food and housing constituted gross violations of human rights.

55. The food and housing situation was often unsatisfactory in countries implementing structural adjustment policies. Food was critical both in terms of consumption and of the agricultural sector as a provider of food and livelihood for a large part of the poor population. Under human rights provisions, agrarian reform should be a prime concern of structural adjustment programmes. As food prices rose, the impoverishment of the landless rural population or the poor urban population dependent on buying subsidized food items reached deprivation levels. The removal of food subsidies severely affected such segments of the population in the same way as reduced government services in health, education and social security had a disproportionate impact on the poor. The same applied to the improper removal of protectionist measures which led to the collapse of whole industrial or agricultural sectors and subsequently to unemployment and landlessness. Such situations frequently occurred when adequate social security or other social services did not exist or had been abolished as a result of structural adjustment policies.

56. States carrying out structural adjustment policies and international financial institutions bringing about such policies should ensure that those policies did not cause States to violate or breach economic rights; that structural adjustment policies supported State programmes which were designed

to ensure economic rights, wherever they existed; and that they assisted the implementation of measures contributing to the full realization of economic rights.

57. FIAN and HIC would welcome discussions on the establishment of a social safety net for victims of structural adjustment policies in order to try and find a response to the massive breaches of human rights which often ensued.

58. Thus far, structural adjustment policies had to a large extent led to a transfer of resources and utility from the poor to the rich. International and national transfers from those who benefited from structural adjustment policies to those whose livelihoods were destroyed by them would require something like an international system of social security. As long as no such system existed, structural adjustment policies could lead to massive breaches of economic rights which could not be adequately protected by social safety nets.

59. There was an urgent need for a far-reaching conceptual reform of structural adjustment policies, with an effort, both in the North and the South to adjust their economies to a new sustainable economic world order based on respect for economic human rights.

60. Ms. BRUIN (Women's International League for Peace and Freedom) said that during the World Conference on Human Rights, a public hearing had produced alarming evidence of mass violations of civil, political, social, economic and cultural rights and the right to development as a result of structural adjustment policies. There had been major cutbacks in health, welfare, housing, and transport services, and mass redundancies of government and private sector workers as a result of deregulation, privatization and liberalization, accompanied by wage reductions.

61. Structural adjustment policies had emphasized cash-crop production for export instead of satisfying the needs of domestic consumers, had led to evictions and the widespread loss of land without compensation and thus led to people being unable to sustain food production. Agricultural land had been handed over for use by commerce or industry or had been used to build residential complexes for foreign investors. Prices had risen as governments cut back on subsidies and as national currencies had been devalued.

62. The primary objective of structural adjustment policies was to enable countries to pay debts which had often been fraudulently incurred and which had contributed to the net negative transfer of resources from the South to financial institutions in the North, amounting to approximately US$ 50 billion each year.

63. At the same time, structural adjustment policies had led to poverty, hunger, homelessness, epidemics, prostitution, migration, a fall in school enrolment and violations of the right to work, housing and health care. Large-scale health, education, welfare, housing and work programmes were needed to eliminate poverty. However, there was a nagging concern that the focus on social safety nets was somewhat misplaced. The Working Group on the Right to Development had pointed out that there was a risk that social safety

nets could become a substitute for policies conducive to the realization of human rights as a whole. Instead of trying to mitigate the effects of harmful policies, the policies themselves needed to be changed. Economic, social and cultural rights should become a fundamental element of macroeconomic policy.

64. The World Bank and IMF had said that however painful structural adjustment policies might be, they were necessary. There was no shortage of evidence of the negative effects of such policies as the burden fell increasingly on the most vulnerable sectors of society including women, children, workers, indigenous peoples, in other words, those who had no say in the formulation of policy or their acceptance at the national level, the very people who would not call for structural adjustment but for structural transformation. That transformation would include: the cancellation of debt; the restructuring of the economy to satisfy domestic needs first and foremost before any involvement in export production; and a drastic reduction in military expenditure.

65. There was also great concern about the policies of the future World Trade Organization and their effect on the peoples of the World. It had been noted that the major beneficiaries of the Uruguay Round of Multilateral Trade Negotiations were the transnational corporations. With the liberalization of investment, domestic enterprises would come under increasing pressure and jobs would be jeopardized. Intellectual property rights would enable corporations in the North to increase profits and erect barriers against technological development in the South. Countries with national pharmaceutical industries would inevitably see the prices of medicines rise. Farmers would have to compete with cheaper agricultural imports and would find survival difficult. Agricultural liberalization would raise the world prices of many foodstuffs, which would inevitably increase the already heavy burden on the poor.

66. The Committee on Economic, Social and Cultural Rights should monitor and investigate the policies of the WTO in terms of their potential hindrance to the realization of economic, social and cultural rights and report to the World Trade Organization on its findings.

67. Mr. KOTHAKI (Habitat International Coalition) said that structural adjustment programmes were leading to massive breaches of economic rights which could not be adequately remedied by providing social safety nets. However, structural adjustment programmes were not the only guilty party with regard to the violation of economic, social and cultural rights and a broader glance at the situation showed that large-scale development programmes were equally to blame. According to the Bank-wide Review of Projects Involving Involuntary Settlement, published in April 1994, approximately 2 million people were being displaced from their houses or lands, or both, under 134 ongoing projects with resettlement components. In 1993, the World Bank had been involved in 14 active resettlement programmes, affecting 2 million people in seven years. The same document had estimated that between 1994 and 1997 approximately 700,000 people would be evicted from their homes under

Bank-funded development projects. Involuntary resettlement tended to be carried out in conjunction with agricultural projects, industry and energy projects and urban development, transport and water projects. Of all regions affected by Bank-financed projects, Asia came out worse with two out of three persons in the region affected.

68. By way of example, under the Narmada dam project 200,000 people would be displaced and during the monsoons 1,200 families would be displaced as a result of non-voluntary evictions.

69. The Committee had, in the past, commented on such situations, for example in 1990 in General Comment No. 2 (E/C.12/1990/3, annex III) the Committee had stated that "the international agencies should scrupulously avoid involvement in projects which, for example, ... involve large-scale evictions or displacement of persons without the provision of all appropriate protection and compensation". Furthermore in 1994, in General Comment No. 4 (E/C.12/1991/4 annex III) it had stated that "despite externally caused problems, the obligations under the Covenant continue to apply and are perhaps even more pertinent during times of economic contraction. It would thus appear to the Committee that a general decline in living and housing conditions, directly attributable to policy and to legislative decisions by State parties, and in the absence of accompanying compensatory measures, would be inconsistent with the obligations under the Covenant".

70. The question of how the primacy of economic, social and cultural rights could be asserted and how the obligations of States under the Covenant could be reconciled with the conditionality imposed by structural adjustment policies and the violations caused by large development projects also gave rise to concern. It was clear that the assumptions on which the IMF and World Bank operated were diametrically opposed to those contained in the Covenant.

71. The Committee therefore had to find a way to deal with the reality that States complied with the conditionality of structural adjustment programmes and trade regimes to a larger extent than the obligations set forth in the Covenant concerning the protection of the human rights of citizens. It had become clear that there was an urgent need for a mechanism to monitor the work of international financial institutions and how far they ensured respect for economic, social and cultural rights.

72. Ms. PARKER (Sierra Club Legal Defense Fund (SCLDF)) said that in many situations, social safety nets were inherently inadequate as a means of offsetting the negative social impact of structural adjustment or overall international lending requirements or initiatives.

73. There were many situations in which activities required, authorized or on occasion endorsed, resulted in massive ecological destruction causing vast human misery, large-scale displacement of populations and in some cases almost perpetual economic and social dependency of segments of the population.

74. In such situations, there appeared to be an assumption in international lending entities that economic, social and cultural rights were discretionary rather than mandatory. Accordingly, there was no meaningful analysis of the impact of binding economic, social and cultural rights in projects mandated or supported by them. The lending institutions then became both the cause of and an excuse for system-wide non-fulfilment of such rights. One case in which the SCLDF had become involved, showing the inadequacies of the social safety net concept was that of the Huaorani Indians in Ecuador, which was before the Inter-American Commission on Human Rights. Oil development concessions had been granted in the Amazon Basin with Development Bank involvement in the financial packaging and specifically for providing access roads. There had been a gross failure to evaluate the environmental and human impact of the project. There was an absence of even rudimentary, social, economic or cultural protection for the indigenous populations affected. The Government had shied away from even considering its obligations to protect those rights, much less provide for them. The transnational corporation had bargained with the indigenous peoples for the provision of schools, housing, and clothing in exchange for "development" rights in their territory, thus obtaining the approval of the indigenous population which was ignorant of what that approval entailed. The Government had abrogated its responsibility to provide education on a permanent basis for a transitory promise by a multinational corporation which would leave the territory once it had extracted the oil it needed.

75. The authorities made flimsy excuses about the need to exploit oil resources in Indian lands in order to develop and to repay their debts. Such activities and that kind of approach drew attention away from ecologically sound and smaller-scale indigenous developments that would protect the economic, social and cultural rights of not only the indigenous populations but also of all other sectors of the population.

76. There was no way in which a social safety net could be provided in such situations. Respect for economic, social and cultural rights should be an absolute before the fact rather than a rallying point requiring damage limitation after the fact.

77. The SCLDF had actively supported the initiative of the Sub-Commission on the Prevention of Discrimination and Protection of Minorities to address human rights and the environment, especially the preparation of a study, undertaken by the Special Rapporteur on Human Rights and the Environment, Mrs. Ksentini. The SCLDF was meeting with the Special Rapporteur and a group of international experts to propose a set of principles and recommendations on human rights and the environment. One issue under consideration was the concept of structural adjustment and social safety nets. There was consensus that the main consequence of structural adjustment programmes was the further destruction of the environment, and overall deterioration of human rights. The Committee on Economic, Social and Cultural Rights had an important role to play in ensuring respect for human rights as they related to the environment, and it should take note of initiatives in that regard.

78. Social adjustment policies which had been mandated by the international lending institutions reflected double standards. Whereas in most developed countries 50 to 70 per cent of the national revenue was directed to social programmes, the figure in developing countries stood at only 10 to 20 per cent. None the less, developing countries were ordered to cut their modest expenditure as a condition for loans. Because of the subsistence needs of many people in those countries, environmental protection activities which were needed for the future lives and livelihood of the people were duly sacrificed. In that way, ecological protection was being held hostage or, at the very least, created untenable tension between immediate social needs and those of the future. The emphasis should be on helping countries fully to enjoy economic, social and cultural rights and on protecting their environment rather than pandering to foreign entrepreneurs or developed countries.

78. Mr. TAPLIN (International Monetary Fund) said that several comments had been made on the lines of structural adjustment programmes contributing only to the profits of entrepreneurs at the expense of the workers. The truth of the matter was that structural adjustment programmes were designed to cut rents earned by inefficient and protected producers. A fact of life, that was also relevant to the ecological question, was that when rent earners and protective barriers led to the inefficient allocation of resources, those same resources became more expensive for everyone in the country and abroad.

80. With regard to the comment made by the representative of the American Association of Jurists, he said that records showed that inflation had fallen in Peru since it had embarked on a structural adjustment programme. Inflation was one of the most odious and pernicious burdens on the poor. The more inflation could be reduced, the healthier a country's economy would be.

81. With regard to the comments made on outflows to service debt, in fact there had been a huge reversal of capital flows to Peru and other Latin American countries which had implemented structural adjustment programmes. Capital that had fled the country had returned and investment opportunities had been renewed, which would inevitably help to increase employment.

82. With regard to the Fund's profits, the Fund was a cooperative monetary institution, and not a profit-making body.

83. It had to be remembered that ultimately the question raised, with regard to the proposals which had been made before the Committee, was who was going to pay. The proposals had been in favour of maintaining minimum income levels, providing work, and implementing and respecting the Government. However, the question of finance remained.

84. Mr. GRISSA said that structural adjustment programmes in developing countries had begun in 1982. However, poverty and deprivation had started long before that date and would outlive any structural adjustment programme.

85. The Committee on Economic, Social and Cultural Rights was concerned not with temporary, stop-gap measures but with long-term measures to improve the human rights situation.

86. In Africa, the average per capita income according to exchange rates, was equivalent to 2 per cent that of the European Union. It was therefore not feasible to expect countries with that mere 2 per cent to provide social security, housing and other services when the countries of Europe could not provide them, despite their comparative wealth. Ten per cent of the labour force of the European Union was unemployed, a situation which had led to cutbacks in spending on social security and national health programmes for example, because the money to pay for them was not available. The people of Africa were even less able to make resources available for such programmes.

87. The CHAIRPERSON said, in conclusion, that the aim of the debate on social safety nets had not been to arrive at peremptory conclusions but to exchange opinions and provide food for thought for the future work of the Committee. Further comments in writing to the Committee would be welcome.

The meeting rose at 6.05 p.m.